

## Message Text

LIMITED OFFICIAL USE

PAGE 01     PARIS 30811 191359Z

42

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 INRE-00 SSO-00 NSCE-00 USIE-00

SS-15 NSC-05 SP-02 L-03 H-02 EB-07 TRSE-00 PRS-01

CIAE-00 INR-07 NSAE-00 /055 W  
----- 124371

O R 191357Z OCT 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 6248

INFO AMCONSUL BORDEAUX

AMCONSUL LYON

AMCONSUL MARSEILLE

AMCONSUL NICE

AMCONSUL STRASBOURG

LIMITED OFFICIAL USE PARIS 30811

E.O. 11652: N/A

TAGS: EFIN, FR

SUBJECT: PROPOSED FRENCH INCOME TAX ON GLOBAL INCOME

REF: PARIS 29871

1. ON OCTOBER 14, 1976, AFTER AT TIMES VITUPERATIVE DEBATE, FRENCH SENATE PASSED AMENDMENT TO PROPOSED LEGISLATION (REFTEL), EFFECT OF AMENDMENT BEING TO LEAVE PARA 1 OF ARTICLE 164 OF FRENCH TAX CODE INTACT. GOVERNMENT REPRESENTATIVE REMAINED ADAMANTLY OPPOSED TO THIS CHANGE IN GOVERNMENT BILL TO BITTER END. BILL NOW GOES TO ASSEMBLY FOR CONSIDERATION IN LATE NOVEMBER. MEANWHILE WE ARE SEEKING WAYS TO AVOID FRANCO-US CONFRONTATION ON WHAT SHOULD BE BASICALLY TECHNICAL MATTER OF RECONCILING PRESENT TAX TREATY AND PROPOSED LEGISLATION. WE SERIOUSLY DOUBT GOF PREPARED TO ACCEPT THE AMENDMENT WHICH SENATE HAS APPROVED.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02     PARIS 30811 191359Z

2. IN COURSE OF DEBATE ON SENATE FLOOR ON OCTOBER 14,

GOVERNMENT REP SEVERAL TIMES ASSERTED THAT EVER SINCE THE TIME WHEN THE FRANCO-US TAX CONVENTION WAS BEING NEGOTIATED IN 1965, 1966, AND 1967, THE GOVERNMENT OF FRANCE HAS ALERTED THE USG TO THE FRENCH INTENTION TO MODIFY OR DELETE ARTICLE 164 OF THEIR TAX CODE. HE ALSO SAID THAT THE GOF IS READY TO BEGIN TOMORROW TO REVIEW THE 1967 TREATY, IN ORDER TO AVOID THE PHENOMENON OF DOUBLE TAXATION. HE ADDED THAT SINCE THE PROPOSED LAW WOULD ENTER INTO FORCE ON JANUARY 1, 1977, MEANING THAT IT WOULD APPLY TO 1977 INCOME WHICH WOULD HAVE TO BE DECLARED IN 1978 FOR PAYMENT IN SEPTEMBER 1978, A GOOD YEAR AND A HALF REMAIN TO NEGOTIATE AN AMENDMENT OF THE TAX TREATY.

3. A REVIEW OF EMBASSY FILES AND WITH KNOWLEDGEABLE PERSONS IN EMBASSY HAS REVEALED NO RPT NO INDICATION OF ANY NOTICE OF FRENCH DESIRE TO NEGOTIATE TREATY EVER HAVING BEEN GIVEN BY GOF TO USG.

4. URGENTLY NEED WASHINGTON ADVISE WHETHER SUCH REQUEST PENDING AND WHETHER EMBASSY SHOULD INFORM GOF THAT USG WILLING TO RENEGOTIATE 1967 TAX CONVENTION IN VIEW GOF PROPOSAL TO REPEAL ARTICLE 164 OF ITS PRESENT INCOME TAX CODE. WE HAVE APPOINTMENT (PREVIOUSLY SCHEDULED) WITH POUCELET, SECRETARY OF STATE FOR FINANCE AND GOVERNMENT SPOKESMAN IN SENATE, AT 0930 LOCAL OCTOBER 20 AND IT WOULD BE HELPFUL TO HAVE DEPARTMENT RESPONSE PRIOR TO OOB WEDNESDAY.  
RUSH

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TAX LAW, LEGISLATIVE BILLS, AMENDMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 19 OCT 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** BoyleJA  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976PARIS30811  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760391-1311  
**From:** PARIS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19761037/aaaabfwy.tel  
**Line Count:** 90  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 PARIS 29871  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** BoyleJA  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 27 JUL 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <27 JUL 2004 by coburnhl>; APPROVED <12 AUG 2004 by BoyleJA>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PROPOSED FRENCH INCOME TAX ON GLOBAL INCOME  
**TAGS:** EFIN, FR  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006